

Economics

(Economics: Market Economy)

Academic Standard: *TLW describe, analyze, and evaluate the roles of individuals and businesses in a market economy.*

- A. TLW analyze a business to determine how it is affected by supply and demand, incentives, and profit.**

Directions: Read the following case study and questions together.

Case Study: Juniors for Seniors

"We used to think that living in a neighborhood with so few kids was a problem. It's become a great opportunity for us," says Emily Jackson, a ninth grader at Sunnydale High School. Emily is the founder of Juniors for Seniors, a yard care business that provides fall clean-up services for Sunnydale's growing population of retirees.

Two years ago, Emily and a few friends participated in a school service project that assisted some senior citizens in the neighborhood with yard chores they couldn't manage. They raked and removed leaves, trimmed bushes, and cleared weeds and leaves from flower beds.

"We never expected to do this for money, but when other neighbors suggested that they would pay for the same service, we thought about starting a small business." Sunnydale has a rapidly growing population of retirees who have the money to spend, but don't want to spend their time on fall yard clean-up. "Some of our customers even travel a lot at this time of the year and aren't home enough to do it themselves," adds Emily.

Juniors for Seniors began with a basic leaf removal service for \$20. "We're able to keep prices lower since we don't have the extra costs of a landscaping company like trucks, office space, gasoline, and gas-powered equipment. Our advertising is basically word of mouth and flyers."

With more customers, profits have increased over the last two years. "We're finding a place in the market because we're meeting the needs of a group of people that were ignored up until now," says Emily. Juniors for Seniors' success has spurred other small yard-care businesses to enter the market. "This year we have some competition from two other yard-care businesses owned and operated by kids my age," she adds.

Emily believes that the way to stay on top of the competition is to introduce new features and more choices. Customers can choose packages such as TLC1, which includes basic leaf removal for \$10, TLC2 which includes leaf removal and trimming bushes for \$25, and TLC3 which includes leaf removal, trimmed bushes, and cleared flower beds for \$40. "I think our customers believe we have great prices and more options. We've also been around for two years now and have a good reputation for service," says the young entrepreneur.

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Market Economy (continued)

"I started Juniors for Seniors with two goals: to provide a needed service to people in our community and to make a profit. We'll continue to do that and make sure our customers are satisfied. We know people need our services, so we have to find ways to give them what they want in a way that's better and less costly than other businesses."

Looking to the future, Emily suggests with a smile, "We're thinking about adding snow shoveling and spring yard clean-up to our list of packages. That way, we can increase the size of our market beyond a seasonal fall business. This is a lot of work, but a lot of fun."

1. Would you describe the demand for yard-care service in Sunnydale as high or low? Explain. (2 points)

2. Before Juniors for Seniors became a business, how would you describe the supply of yard-care services in Sunnydale? How did the supply change over two years? (2 points)

3. What attracted other businesses to enter the market? (1 point)

4. How did the supply of yard-care services affect the price of Juniors for Seniors' basic leaf removal service? (1 point)

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Market Economy (*continued*)

5. What are Juniors for Seniors' incentives to offer more choices to consumers? (1 point)
6. What are the incentives for other businesses to enter the yard-care market? (1 point)
7. If Juniors for Seniors decides to diversify, what is one potential benefit and one potential cost for the business? (2 points)
8. How does market demand and profit affect the service provided in the above article? (1 point)

Criteria:	Correct answers
Proficiency:	8 out of 10 points

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